

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS**

)	
)	
UNILOC USA, INC., and UNILOC)	
LUXEMBOURG S.A.,)	
)	
Plaintiffs,)	CIVIL ACTION No. 6:12-cv-375
v.)	
)	
RACKSPACE HOSTING, INC., and)	
RACKSPACE US, INC.,)	JURY TRIAL DEMANDED
)	
Defendants.)	
)	

**DEFENDANTS' REPLY IN SUPPORT OF THEIR MOTION TO DISMISS
PLAINTIFFS' COMPLAINT FOR FAILURE TO ALLEGE INFRINGEMENT OF
A PATENTABLE CLAIM UNDER 35 U.S.C. § 101**

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I. INTRODUCTION

As Uniloc’s opposition brief confirms, Rackspace’s motion to dismiss presents a narrow issue of law that can and should be addressed on a motion to dismiss. Uniloc has acknowledged that it intends to assert only one claim of the ’697 patent—Claim 1—and there is no dispute that, if this sole asserted claim is not patentable, Uniloc’s Complaint should be dismissed. Indeed, Uniloc agrees that “a quick resolution on this issue will advance this litigation,” and that the Complaint will “stand or fall on Claim 1.” Pl. Opp. Br. at 2, 14.

The Complaint cannot stand, because Claim 1 recites no more than a method for processing and converting numbers—precisely what the Supreme Court declared not patentable in *Gottschalk v. Benson*, 409 U.S. 63, 64 (1972). The Court accordingly should dismiss Uniloc’s Complaint, because it cannot state a plausible claim for relief. *See Bell Atlantic Corporation v. Twombly*, 550 U.S. 544, 558 (2007) (*quoting* 5 Wright & Miller § 1216, at 233-34) (“when the allegations in a complaint, however true, could not raise a claim of entitlement to relief, ‘this basic deficiency should . . . be exposed at the point of minimum expenditure of time and money by the parties and the court.’”); *Ashcroft v. Iqbal*, 556 U.S. 662, 679 and 685 (2009) (given the “heavy costs” of litigation, “only a complaint that states a plausible claim for relief survives a motion to dismiss”).

II. UNILOC’S RESPONSES CANNOT PREVENT DISMISSAL UNDER RULE 12(B)(6)

A. The Court Can and Should Find Claim 1 Unpatentable at the Motion to Dismiss Stage

Uniloc does not dispute that issues of patentability under 35 U.S.C. § 101 can be properly addressed on a motion to dismiss as a matter of law, policy, and efficient judicial administration. *See* Def. Op. Br. at 6-8; *see* Pl. Opp. Br. at 2. Indeed, since Uniloc filed its brief, two district court decisions have granted motions to dismiss for precisely the grounds sought here. *Vacation*

Exchange, L.L.C. v. Wyndham Exchange & Rentals, Inc., Ex. No. 1, No. 12-cv-04229, Dkt. No. 27 at 1-3 (N.D. Cal. September 18, 2012) (dismissing patent infringement complaint for failure to state a claim under § 101 because claims were abstract, and thus not patentable, finding claim construction “not necessary” under Federal Circuit precedent); *OIP Technologies v. Amazon.com, Inc.*, Ex. No. 2, No. 12-cv-01233 Dkt. No. 50 at 1, 7-8 (N.D. Cal. Sept. 11, 2012) (dismissing patent infringement complaint for failure to state claim under § 101, and rejecting argument that claim construction would bear on analysis); *see also Glory Licensing LLC v. Toys “R” Us, Inc.*, No. 09-4252, 2011 WL 1870591, *1-4 (D.N.J. May 16, 2011) (dismissing patent infringement complaint for failure to state a claim under § 101).

Uniloc references the importance of claim construction generally, but like the plaintiffs in *Vacation Exchange* and *OIP Technologies*, Uniloc’s opposition brief “fails to explain how claim[] construction would materially impact the § 101 analysis in the instant case.” *OIP Technologies*, No. 12-cv-01233 at 7; *see also Vacation Exchange*, No. 12-cv-04229 at 2-3.¹ Moreover, although Uniloc cites the Federal Circuit’s decision in *Bilski* for the proposition that claim construction can be “an important first step” in the § 101 analysis, the Federal Circuit and Supreme Court both held the claims at issue in that case not patentable *without* claim construction. *See Bilski v. Kappos*, 130 S. Ct. 3218, 3231 (2010); *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008); *see also Bancorp Services, L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687

¹ Although a few courts have delayed a ruling on patent-eligibility where the claims required construction, both parties have agreed that a quick resolution is appropriate in this case. Pl. Opp. Br. at 2. Moreover, Uniloc’s sole asserted claim is not patentable under any reasonable construction, including Uniloc’s own chart, submitted as a “Description of the Step[s]” recited in Claim 1. *See* Pl. Opp. Br. at 6; *cf. Phoenix Licensing, L.L.C. v. Aetna, Inc.*, Ex. No. 3, No. 2:11-cv-285, Dkt. No. 186 (E.D. Tex. Sept. 12, 2012) (reserving determination under § 101, given claim construction dispute over claims in four patents).

F.3d 1266, 1273 (Fed. Cir. 2012) (emphasis added) (*Bilksi* “f[ound] subject matter ineligible for patent protection without claim construction.”).²

Most fundamentally, Uniloc “generally agrees” with Rackspace that a “quick resolution” of the § 101 issue in this case will advance this litigation. Pl. Opp. Br. at 2. The Court accordingly should address this single dispositive issue of law now, ““at the point of minimum expenditure of time and money by the parties and the court.”” *Twombly*, 550 U.S. at 558 (quoting 5 *Wright & Miller* § 1216, at 233-34); see also *Parallel Networks, LLC v. Abercrombie & Fitch*, No. 6:10-cv-111, 2011 WL 3609292 at *10 (E.D. Tex. Aug. 12, 2011) (resolving case “in a manner of months—as opposed to years—for the vast majority of Defendants” by addressing three dispositive legal issues at outset of case).

B. The Supreme Court’s Decision in *Benson* Compels Dismissal of the Complaint

1. Claim 1 is Virtually Indistinguishable from the Claims at Issue in *Benson*

Uniloc does not dispute that, under *Benson*, “the programmed conversion of numerical information in general-purpose digital computers” is not patentable. *Benson*, 409 U.S. at 64; see Pl. Opp. Br. at 7-9. *Benson* recognized that these processes for converting numbers are mathematical algorithms that cannot be patented because they disclose no more than “mental processes, and abstract intellectual concepts.” *Benson*, 409 U.S. at 67. Indeed, such claims are manifestly abstract as a matter of law, because “manipulation of basic mathematical constructs [is] the paradigmatic ‘abstract idea.’” *Cybersource Corp. v. Retail Decisions, Inc.*, 654 F.3d

² Uniloc also suggests that Rackspace’s motion seeks to import a lower standard for invalidating the ’697 Patent, but the preponderance-of-the-evidence standard governs the invalidity analysis under § 101 regardless of when that inquiry occurs, because subject matter eligibility is an issue of law. *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2253 (2011) (Breyer, J., concurring) (the clear and convincing evidentiary standard that generally governs inquiries into patent invalidity “applies to facts and not to questions of law.”); *Cybersource*, 654 F.3d at 1369 (“[i]ssues of patent-eligible subject matter are questions of law.”).

1366, 1372 n.2 (Fed. Cir. 2011), *quoting In re Warmerdam*, 33 F.3d 1354, 1355, 1360 (Fed. Cir. 1994).

Uniloc attempts to distinguish Claim 1 of the '697 patent based on the argument that—in contrast to *Benson*—it does not recite any “particular mathematical formula.” Pl. Opp. Br. at 7. But the claims cannot be distinguished. As the chart below demonstrates, both sets of claims indisputably relate to the same thing, the “programmed conversion of numerical information.” *Benson*, 409 U.S. at 64.

'697 Patent, Claim 1	<i>Benson</i> , Claim 13	<i>Benson</i> , Claim 8
<p>A <i>method for processing</i> floating-point numbers, each floating-point number having at least a sign portion, an exponent portion and a mantissa portion, comprising the steps of:</p> <p><i>converting a floating-point number memory register representation to a floating-point register representation;</i></p>	<p>A <i>data processing method</i> for</p> <p><i>converting binary coded decimal number representations into binary number representations</i> comprising the steps of</p>	<p>The method of</p> <p><i>converting signals from binary coded decimal form into binary</i> which comprises the steps of</p>
<p><i>rounding</i> the converted floating-point number;</p> <p><i>performing an arithmetic computation</i> upon said rounded number resulting in a new floating-point value;</p> <p><i>converting</i> the resulting new floating-point register value to a floating-point memory register representation.</p>	<p>(1) <i>testing</i> each binary digit position '1,' beginning with the least significant binary digit position, of the most significant decimal digit representation for a binary '0' or a binary '1';</p> <p>(2) if a binary '0' is detected, <i>repeating step (1)</i> for the next least significant binary digit position of said most significant decimal digit representation;</p> <p>(3) if a binary '1' is</p>	<p>(1) <i>storing</i> the binary coded decimal signals in a reentrant shift register,</p> <p>(2) <i>shifting</i> the signals to the right by at least three places, until there is a binary '1' in the second position of said register,</p> <p>(3) <i>masking</i> out said binary '1' in said second position of said register,</p> <p>(4) <i>adding</i> a binary '1' to the first position of said</p>

'697 Patent, Claim 1	<i>Benson</i> , Claim 13	<i>Benson</i> , Claim 8
	<p>detected, adding a binary '1' at the (i+1)th and (i+3)th least significant binary digit positions of the next lesser significant decimal digit representation, and repeating step (1) for the next least significant binary digit position of said most significant decimal digit representation;</p> <p>(4) upon exhausting the binary digit positions of said most significant decimal digit representation, repeating steps (1) through (3) for the next lesser significant decimal digit representation as modified by the previous execution of steps (1) through (3); and</p> <p>(5) repeating steps (1) through (4) until the second least significant decimal digit representation has been so processed.</p>	<p>register,</p> <p>(5) shifting the signals to the left by two positions,</p> <p>(6) adding a '1' to said first position, and</p> <p>(7) shifting the signals to the right by at least three positions in preparation for a succeeding binary '1' in the second position of said register.</p>

Claim 1, like the *Benson* claims, recites no more than a numerical conversion involving format manipulation, rounding, and computation. Indeed, Uniloc does not even dispute the dispositive fact that, like the *Benson* claims, Claim 1 discloses a mental process that could be performed “as a person would do it by head and hand.” *Benson*, 409 U.S. at 65; Pl. Opp. Br. at 7-9; *see also Vacation Exchange*, No. 12-cv-04229 at 1-3 (dismissing complaint where claimed method was “indistinguishable from the tasks that a human would perform manually.”). A person could readily perform the format conversions, rounding and arithmetic required by Claim 1. Uniloc’s brief confirms as much by recognizing that the floating point numbers to be

processed can be as elementary as “2.1,” and the operation can be as basic as “addition,” “multiplication,” or “division.” Pl. Opp. Br. at 3, 7; *see also id.*, Ex. A at 9 (describing how a version of floating-point arithmetic generates “results . . . as people expect them, identical to what would be obtained using pencil and paper.”).

2. Uniloc’s Argument That Claim 1 is Less Specific Than the *Benson* Claims Confirms that Claim 1 is Not Patentable

Uniloc argues that Claim 1 is less abstract than the claims invalidated in *Benson* because Claim 1 is *less* “specific,” does not disclose any “particular” formula, and is “not limited” to any discrete mathematical operation. Pl. Opp. Br. at 7-8. This argument defies logic and stands precedent on its head. Arguing that *less* specificity makes a claim *less* abstract fails to distinguish Claim 1 from *Benson* for at least two reasons.

First, the argument misconstrues *Benson*. The *Benson* claims did not recite a particular mathematical formula. Instead, they disclosed “a generalized formulation for programs . . . of converting one form of numerical representation to another.” *Benson*, 409 U.S. at 65. Claim 1 purports to patent precisely the same thing: a program for “generally processing” a type of number by “converting” it from one form of numerical “representation” to another. Pl. Opp. Br. at 6-7. With its step-by-step instructions for “rounding” and “performing an arithmetic computation” to arrive at a new “value,” Claim 1 falls squarely within the Supreme Court’s definition of a mathematical algorithm, as “a procedure for solving a given type of mathematical problem.” *Benson*, 409 U.S. at 65. Whether or not a specific equation can be extracted from either the *Benson* claims or Claim 1 is irrelevant; under the Supreme Court’s definition—which Uniloc itself cites—both are unpatentable mathematical algorithms. *See* Pl. Opp. Br. at 7.

Second, Uniloc can cite no support for its claim that a lack of specificity somehow renders a claim *less* abstract. The *Benson* claims were not held abstract because they were too

“specific” or “particular.” To the contrary, the Court expressed concern that the claims would unduly preempt further progress in the field because they were “so abstract *and sweeping*.” *Benson*, 409 U.S. at 68 (emphasis added). This risk of broad preemption requires “meaningful limits on the claim’s scope.” *In re Bilski*, 545 F.3d at 961; see *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012) (patent lacked “meaningful limits” to survive § 101 analysis because the claim failed to “specify how the computer hardware and database are specially programmed to perform the steps claimed in the patent”); *Bancorp*, 687 F.3d at 1278 (computer employed for “repetitive calculations . . . does not impose meaningful limits on the scope of [the] claims.”); *Glory Licensing*, 2011 WL 1870591 at *4-5 (granting motion to dismiss under § 101 where the patentee failed to show that the patent held “meaningful claim limitations.”); *OIP Technologies*, No. 12-cv-01233 at 26-27 (granting motion to dismiss because claims allowing for quicker, more efficient calculations in a general purpose computer did not impose “meaningful limits” on the claim). As this Court has similarly recognized, “it is important . . . to determine whether the scope of claims are sufficiently limited so that they do not exclude others from what is rightfully available to all of mankind.” *Prompt Medical Systems, L.P. v. Allscriptsmyis Healthcare*, No. 6:10-cv-71, 2012 WL 678216 at *6 (E.D. Tex. Feb. 13, 2012) (Davis, J.).

In the face of this black-letter law, Uniloc asserts that Claim 1 “is not limited to any particular” formula, program, or mathematical operation. Pl. Opp. Br. at 7. To uphold such a claim *because* it lacks meaningful limits would turn *Benson* on its head. This Court is charged with protecting the “onward march of science” and “confi[n]g the patent monopoly within rather definite bounds” by refusing to enforce a monopoly on what Claim 1 presents: a generalized formulation for converting numbers. 409 U.S. at 68-69.

3. Claim 1 Is Not Limited to any Specific Applications or Improvements

After arguing for three pages that Claim 1 should be deemed patentable because it lacks a “specific” mathematical formula, Uniloc reverses direction and argues that Claim 1 is not “abstract” because it offers “specific applications or improvements to technologies in the marketplace.” Pl. Opp. Br. at 10 (*quoting Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859, 869 (Fed. Cir. 2010)). But as *Benson* confirms, the programmed conversion of numerical information is, by its nature, *not* limited to “specific applications.” Instead, such claims disclose only a “generic formulation,” which could form the basis for a broad array of “specific applications.” *Benson*, 409 U.S. at 65. This potential for the future development of myriad applications is yet another reason to hold such claims unpatentable, because the exclusionary rights that would result from such a patent would reach into vast arenas. As *Benson* recognized, the “end use may . . . vary from the operation of a train to verification of drivers’ licenses to researching the law books for precedents.” *Id.* at 68.

Indeed, the article Uniloc attaches to its opposition brief in Exhibit A explicitly confirms that a method for converting floating point numbers would operate not in a specific application, but across broad realms. Pl. Opp. Br., Ex. A at 2 (floating point operations are not restricted to “scientific, CAD, and other math-intensive applications. It’s also communications, security, graphics, and games.”). Claim 1, like the *Benson* claims, is not restricted to “specific” applications that could set meaningful limits on an otherwise abstract claim. Instead, it reflects the drafter’s efforts to secure a monopoly of impermissible breadth.

Benson similarly forecloses Uniloc’s related argument that its method for processing floating-point numbers is a patentable “improvement[] to technologies in the marketplace.” Pl. Opp. Br. at 10. The *Benson* claims, too, offered a potential improvement to marketplace

technology—they had a “practical application” in digital computers. *Benson*, 409 U.S. at 71.

The Supreme Court nonetheless found that the programmed conversion of numerical information in a general purpose computer is *not* a patentable improvement to technology because it is “not limited to any particular art or technology.” *Benson*, 409 U.S. at 64. Such claims are not confined “to any particular apparatus or machinery, or to any particular end use.” *Id.*

Claim 1, like the *Benson* claims, is not limited to any particular technology, machinery, or end use. The end uses are vast, from NASA’s control of satellite rockets to Silicon Valley’s creation of a video “game character throwing an axe.” Pl. Opp. Br., Ex. A at 1-3. Uniloc’s argument that the claim covers a purported technological improvement to the “algorithms described in [the IEEE] Standard” serves only to confirm what Uniloc elsewhere denies—that it seeks to patent a mathematical algorithm. Pl. Opp. Br. at 10.³

Finally, Uniloc suggests that the Federal Circuit’s decision in *Research Corp.* rescues Claim 1 from abstraction. But the *Research Corp.* claims were held patentable because they disclosed a tangible technological improvement (a higher-quality halftone image) that was dependent upon specific, disclosed computer components, such as a blue noise mask. *See, e.g., Bancorp*, 687 F.3d at 1279 (distinguishing *Research Corp.*); *Cybersource*, 654 F.3d at 1376 (same). Claim 1, in contrast, is a pure abstraction. It recites nothing more than mathematical steps for a numerical conversion. Even if a general purpose computer were read into Claim 1, the claim would nonetheless disclose at most “the use of a computer for . . . making calculations or computations.” *Bancorp*, 687 F.3d at 1278. Under black letter law established by *Benson*,

³ Uniloc’s speculation that “rounding before operating” could one day be implemented in a product does not make that algorithm patentable. *Parker v. Flook*, 437 U.S. 584, 590 (1978) (“the Pythagorean theorem would not have been patentable . . . because a patent application contained a final step indicating that the formula . . . could be usefully applied to existing surveying techniques.”).

this use of a general purpose computer “fails to circumvent the prohibition against patenting abstract ideas and mental processes.” *Bancorp*, 687 F.3d at 1279 (citing *Benson*).

C. Uniloc Does Not Dispute That Claim 1 Also Fails The Machine-or-Transformation Test

Uniloc does not even attempt to argue that Claim 1 meets the Federal Circuit’s “machine-or-transformation” test, which the Supreme Court has described as a “useful and important clue” for determining patent-eligible subject matter and the Federal Circuit has applied in cases, like this one, involving “Information Age” technologies. *Bilski*, 130 S.Ct. at 3227; *see also Bancorp*, 687 F.3d at 1278 (affirming application of the test for claims reciting the use of computers); *Cybersource*, 654 F.3d at 1375 (holding the machine prong unsatisfied by the “software implementation of a purely mental process”).⁴

Although this test is by no means exclusive, the fact that Claim 1 does not even arguably involve a machine or transformation further confirms that the claim is not patentable under § 101.

III. CONCLUSION

Uniloc’s efforts to distinguish Claim 1 from *Benson* are not factually accurate, logically coherent, or legally sound. Claim 1 recites a mathematical algorithm and abstract idea that is not patentable as a matter of law. The Court accordingly should dismiss the Complaint for failure to state a claim upon which relief can be granted.

⁴ The Supreme Court in *Bilski* further warned that where “Information Age” technologies are directed toward more efficient “mathematical calculations . . . [i]f a high enough bar is not set . . . patent examiners and courts could be flooded with claims that would put a chill on creative endeavor and dynamic change.” 130 S.Ct. at 3229.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3)(A).

/s/ Michael E. Jones